

Message Text

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ACTION EB-08

INFO OCT-01 AF-08 ARA-06 EUR-12 EA-07 IO-13 ISO-00 L-03

FRB-03 OMB-01 ITC-01 SP-02 USIA-06 AGRE-00 AID-05

CIAE-00 COME-00 INR-07 LAB-04 NSAE-00 OIC-02 SIL-01

STR-04 TRSE-00 CIEP-01 CEA-01 NEA-10 FEA-01 INT-05

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R 140938Z FEB 77

FM USMISSION GENEVA

TO SECSTATE WASHDC 5164

INFO AMEMBASSY BONN

AMEMBASSY CANBERRA

AMEMBASSY KINSHASA

AMEMBASSY LIMA

AMEMBASSY LONDON

AMEMBASSY LUSAKA

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY SANTIAGO

AMEMBASSY TOKYO

USMISSION OECD PARIS UNN

USMISSION EC BRUSSELS

USMISSION USUN NEW YORK

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E.O. 11652: N/A

TAGS: UNCTAD, EMIN

SUBJECT: UNCTAD/COPPER: SECOND MEETING OF INTERNATIONAL EXPERTS

REF: GENEVA 901

1. THE INTERNATIONAL EXPERTS GROUP (IEG) ON COPPER CON-
VENED FOR A SCHEDULED TWO WEEK MEETING ON FEBRUARY 7 WITH
THE PURPOSE OF EXAMINING AND COMMENTING UPON SOME THIRTY
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THREE PAPERS AND STUDIES SUBMITTED BY GOVERNMENTS, BY
CIPEC AND THE EEC, AND BY THE UNCTAD SECRETARIAT ON VARIOUS
ASPECTS OF THE INTERNATIONAL COPPER INDUSTRY AND MARKETS.
PAPERS FELL INTO TWO GROUPS -- THOSE DEVOTED TO BASIC STUDY
AND ANALYSIS AND THOSE DIRECTED TOWARDS THE PROBLEMS OF
THE COPPER MARKET AND THEIR POTENTIAL SOLUTIONS. IT
WAS AGREED THAT THE FIRST WEEK OF THE MEETING WOULD BE

DEVOTED TO EXAMINATION AND COMMENT ON PAPERS IN THE FIRST CATEGORY LEAVING THOSE IN THE SECOND GROUP FOR THE FOLLOWING WEEK.

2. FIRST WEEK'S DISCUSSIONS TOOK PLACE IN A REMARKABLY CALM AND CONSTRUCTIVE ATMOSPHERE CONSIDERING THE FIREWORKS OF THE FIRST TWO MEETINGS IN THIS CYCLE ON COPPER. ALMOST COMPLETE ABSENCE OF POLITICAL POSTURING AND POLEMICS CAN BE EXPLAINED PARTLY BY THE NATURE OF THE MATERIAL ITSELF. GENEVA REPS OF G-77 WERE LEFT ALMOST COMPLETELY IN THE DARK BY THE DETAILED STATISTICAL AND ANALYTICAL PAPERS WHICH WERE THE MAIN SUBJECTS OF DISCUSSION, AND LDC COPPER PRODUCERS MAY HAVE FELT AT A RELATIVE DISADVANTAGE. AS A RESULT BALL ON PRODUCER SIDE CARRIED MAINLY BY CIPEC REPS WITH AN OCCASIONAL ASSIST BY THE ABLE AND INTELLIGENT ZAMBIAN DELEGATE (FNU LUAMASWELA (PHONETIC)). AMONG MORE DEVELOPED PRODUCERS CANADA COMPLEMENTED US VIEWS WHILE AUSTRALIA AND CHILE, BOTH CIPEC MEMBERS, WERE LARGELY SILENT.

3. ON CONSUMER SIDE A SPLIT IS EVIDENT. US, UK, FRG, AND JAPAN (WHICH COLLECTIVELY ACCOUNT FOR OVER 60 PERCENT OF FREE WORLD REFINED COPPER CONSUMPTION) CONTINUE TO BE SKEPTICAL ABOUT THE FEASIBILITY AND DESIRABILITY OF BUFFER STOCK ARRANGEMENTS OR SUPPLY MANAGEMENT MEASURES AS A MEANS OF IMPROVING THE STABILITY OF THE COPPER MARKET. FROM PRIVATE CONVERSATIONS IT APPEARS THAT FRANCE, LOW COUNTRIES, AND SCANDANAVIAN GROUP, ON THE LIMITED OFFICIAL USE

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OTHER HAND, FAVOR A BUFFER STOCK ARRANGEMENT FOR COPPER, AT LEAST IN PRINCIPLE. USDEL SOUGHT TO EMPHASIZE MAGNITUDE, COMPLEXITY, AND SENSITIVITY OF THE INTERNATIONAL COPPER INDUSTRY, UNDERSCORING RELEVANT ANALYSES AND DRAWING OUT SIGNIFICANT FACTS IN THE PAPERS PRESENTED TO BUILD A FOUNDATION FOR THE NEXT WEEK'S DISCUSSION ON SPECIFIC MEASURES.

4. IT IS INCREASINGLY EVIDENT THAT AFRICAN PRODUCERS MAY PLAY PIVOTAL ROLE IN FUTURE DISCUSSION AND DECISION WITH REGARD TO SPECIFIC MEASURES. ON THE ONE HAND THEY ARE DOUBTFUL THAT BUFFER STOCK AND SUPPLY MANAGEMENT ARRANGEMENTS ARE IN THE CARDS AT LEAST FOR THE NEXT SEVERAL YEARS, AND NOT ENTIRELY CONVINCED SUCH MEASURES WOULD BENEFIT THEM. ON THE OTHER HAND THEY ARE CONCERNED ABOUT THEIR G-77 CREDENTIALS AND WISH TO KEEP THE DOOR OPEN TO THE COMMON FUND. THEIR MAIN CONCERN IS ACTIONS UNDER THE HEADING OF INTERIM MEASURES (MAINLY IN THE AREA OF CONTRACT PRICING AND TEFMS)

WHICH THEY FEEL GIVE SOME PROMISE OF SHORT TERM RELIEF
FOR THEM (REFTEL). USDEL HELD A PRIVATE MEETING WITH
INTERPRETATION WITH ZAIROIS DELEGATION AT THEIR
REQUEST ON FEBRUARY 11. A FRANK TWO HOUR DISCUSSION
CONCENTRATED ON INTERIM MEASURES AND U.S. PROPOSAL FOR
A PRODUCER CONSUMER FORUM. BOTH SIDES AGREED TO FURTHER
SUCH MEETINGS AS THE DISCUSSIONS DEVELOP. WE HAVE ALSO
MET PRIVATELY WITH ZAMBIAN DELEGATE IN A SIMILAR VEIN. CATTO

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Message Attributes

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